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ANNE MARIE LANGAN
DEPUTY DIRECTOR
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TO: Ron Kagan, Director
Detroit Zoological Society

FROM: Irvin Corley, Jr., Fiscal Analysis Director **ly.**

DATE: April 29, 2009

RE: 2009-2010 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2009-2010 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Monday, May 4, 2009 at 11:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Joseph Harris, Chief Financial Officer
Pamela Scales, Budget Department Director
Renee Short, Budget Department Team Leader
Arese Robinson, Mayor's Office

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Zoological Institute

FY 2009-2010 Budget Analysis by the Fiscal Division

Summary

On March 1, 2006 the City entered into an agreement with the Detroit Zoological Society (DZS) to manage the operations of the Detroit Zoological Institute (DZI), which include the Detroit Zoo and the Belle Isle Nature Zoo, through June 30, 2020, a period of fifteen years, with an option to renew for successive ten-year terms. The agreement provides for the City to pay \$5.0 million of capital funds within 15 days of the State of Michigan's appropriation of \$4.0 million, and an additional \$5.0 million in fiscal year 2006-2007. The City also agreed to pay an operating subsidy for insurance and security costs, totaling \$900,000 per year, for the first two years (06-07 and 07-08) of the agreement. The City budgeted a subsidy of \$900,000 for 08-09 but the Mayor's Proposed 2009-2010 Budget reflects a decrease of \$135,000 in the subsidy, making it \$765,000. This subsidy is reflected in Agency 35 – Non-Departmental.

According to DZS's FY08 (April 1, 2007 through March 31, 2008) annual report, it received a total of \$900,000 in funding from the City of Detroit in accordance with the Memorandum of Agreement between the City and the DZS.

According to the 2009-2010 Executive Budget, the DZS requested \$3 million for facility improvements. The Mayor's 2009-2010 budget does not provide funding for any such improvements. Nor was any funding provided in the current year's budget for Zoo facility improvements.

Significant Changes in Funding by Appropriation

The City's funding is included in Non-Departmental, as follows:

<u>Appro.</u>	<u>Program</u>	
12161	350095 Zoo Operations	The Mayor's 2009-2010 Proposed Budget includes a \$765,000 general operating subsidy for insurance and security. This is a decrease of \$135,000 from the prior year.
12892	351202 Zoo Capital – Facility Improvements	The Mayor's 2009-2010 Proposed Budget does not provide any funding for facility improvements at the Zoo.

Significant Revenue Changes

All revenues for the Zoo have been transferred to the Zoological Society along with the appropriations.

Issues and Questions

1. The Mayor's 2009-2010 budget does not provide funding for any capital improvements. How will the Zoo's operations be impacted if it does not receive any funding for capital improvement as it requested?
2. Has the Society maintained that all contracted work shall have at least 30% Minority Business Enterprise, Women Business Enterprise, and Detroit Business Enterprise?
3. How much revenue will the Zoo receive in its current fiscal year from the new tri-county property tax levy that began January 1, 2009?
4. Please provide an operating budget for 2009-10 for the Zoo.
5. Please provide an actual versus budget operating statement for the current fiscal year.